

**CITY OF BATTLE GROUND**  
**Clark County, Washington**  
**January 1, 1993 Through December 31, 1994**

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**Schedule Of Findings**

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1. Internal Controls Within The Battle Ground Municipal Court Should Be Improved

The Battle Ground Municipal Court provides services for the Cities of Battle Ground, Ridgefield, and La Center, and receives payments over the counter and through the mail for a variety of legal violations. During each of the calendar years 1994 and 1993, the municipal court collected in excess of \$200,000 and \$150,000, respectively, much of it in cash. Our examination of the process used to record, collect, and deposit these revenues revealed the following weaknesses:

- a. **Duties Not Properly Segregated.** The same individual responsible for the accuracy of most of the daily recorded receipts also prepares the deposits even though there is nearly always a second employee present. No one individual should have complete control over an entire transaction.
- b. **Receipts Not Deposited Promptly And Intact.** Deposits are only being made approximately twice each week. In addition, the court does not reconcile its proceeds daily, and, on occasion, has allowed them to remain unreconciled for several days before a deposit is prepared. During our initial, unannounced cash count, for example, we discovered that:
  - (1) Court proceeds had not been deposited in five days.
  - (2) More than \$290.00 in cash was located in an unlocked desk drawer.
  - (3) Court proceeds had been used to pay for incidental expenditures.
  - (4) Checks were not endorsed.

We further discovered court proceeds were used to cash two personal checks by city hall staff in the amount of \$1,093.00.

- c. **Citation Numbers Not Accounted For Sequentially.** Citation numbers are issued and used in sequential order. However, no one in the municipal court accounts for each sequential citation number to determine whether it has been properly processed. Without this accounting, it is difficult to determine whether all the proceeds owed the court were collected.
- d. **Control Account Not Used.** Municipal court maintains two sets of records for those defendants who have agreed to make time payments against their fines. One system is automated and the other is manual. The manual system maintains greater detail than is permitted with the automated system. When posting fines, adjustments, or payments to the manual records, there is no control to ensure

these transactions have been accurately recorded. We discovered several errors in the manual records that could not be explained by court staff. There is also a lack of consistency between which transactions are recorded in the manual records and those that are automated. For example, the amount owed the court on November 2, 1995, according to the manual records was \$239,338.24, but the automated records revealed \$366,712.10 was owed.

Most of these weaknesses resulted from inadequate policies and procedures, as well as the lack of training among municipal court staff. However, we note that court staff had already started correcting and improving these areas prior to completion of the field work.

These weaknesses place public funds at a significantly higher risk that errors and irregularities could occur and not be detected in a timely manner, and further increase the risk of loss, misuse or abuse. In addition, these weaknesses increase audit review time which, in turn, increases audit costs.

We recommend that the municipal court:

- a. Restructure duties to segregate the receipting and depositing functions.
- b. Reconcile and deposit proceeds daily.
- c. Account for all sequential citation numbers to ensure that all transactions are properly processed.
- d. Establish a control account to ensure all charges, adjustments, and payments have been properly recorded in the manual records. Further, establish controls to ensure the manual records and the automated records are routinely balanced and reconciled.